

Coffee Updates

Summary

World coffee production in 2003/04 is forecast at 105.3 million bags (60 kilograms or 132.276 pounds), down nearly 2 percent from the first forecast made in June, and down 15 percent from the 2002/03 season. The major downward adjustment from the June forecast comes from the Brazil crop. Brazil's coffee production in 2003/04 is now estimated at 32.0 million bags. Other major downward revisions since June, in 60-kilogram bags: Cote d'Ivoire, 1.1 million bags; Indonesia, 350,000 bags; Dominican Republic, 225,000 bags; India, 73,000 bags; and Angola, 45,000 bags. A major upward revision since June, in 60-kilogram bags, occurred in Vietnam, up 1.1 million bags.

Total coffee supply in producing countries in 2003/04 is forecast at 134.9 million bags, down nearly 8 percent from the revised 2002/03 level.

Mainly as a result of lower supply, world coffee exports in 2003/04 are forecast to decrease by 5.0 million bags from last year's revised level. Brazil's total exports of coffee in 2003/04 are forecast at 24.5 million bags, a decrease of 4.9 million bags from the 2002/03 level. In order to maintain even this level of world coffee exports, stocks in producing countries are forecast to decline to 21.4 million bags, down 24 percent, or 6.8 million bags of coffee from last year.

World coffee consumption in 2002/03 is estimated at 114.0 million bags, up less than 1 percent from the preliminary 2001/02 level—86.9 million bags in importing countries and 27.1 million bags in exporting countries. Although USDA does not maintain an official database for importing and consuming countries, world consumption is calculated using the information that is available. World consumption can be estimated based on net exports from producing countries, the change in major importers' stock levels, plus consumption in producer countries. Exports from producing countries are assumed to be consumed in the importing countries, after adjusting for changes in the stocks levels in the importing countries.

Brazil

Brazil's coffee production estimate for marketing year (MY) 2003/04 (July-June) is revised downward to 32.0 million bags, a nearly 5-percent decrease compared to the June estimate. Arabica coffee production should account for 22.6 million bags, while Robusta production should contribute 9.4 million bags. Major revisions for southern Minas Gerais and Espirito Santo reflect lower than expected crop yields. As reported by traders, the harvest season is over and the quality of the beans is reported to be uniform and good to better-than-good. No changes have been made with regard to coffee area and tree population. The table below shows the coffee production estimate by state and variety of coffee from MY 1998/99 to MY 2003/04.

Brazil's Coffee Production

State/Variety	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
	(Million 60-kilogram bags)					
Minas Gerais	18.95	15.40	16.00	16.20	25.35	13.70
Southwest 1/	10.75	8.40	9.00	8.50	14.20	7.00
Central-western 1/	4.10	3.50	3.00	3.20	4.65	3.00
Southeast 1/	4.10	3.50	4.00	4.50	6.50	3.70
Espirito Santo	5.35	4.70	7.40	9.70	11.35	7.70
Arabica	2.15	2.00	2.60	2.20	2.85	1.70
Robusta	3.20	2.70	4.80	7.50	8.50	6.00
Sao Paulo 1/	4.20	3.70	3.60	3.20	5.75	3.00
Parana 1/	3.20	2.80	2.20	0.50	2.50	2.20
Others	3.90	4.20	4.90	5.50	6.65	5.40
Arabica	2.10	1.90	2.20	2.30	3.15	2.00
Robusta	1.80	2.30	2.70	3.20	3.50	3.40
 Total	 35.60	 30.80	 34.10	 35.10	 51.60	 32.00
Arabica	30.60	25.80	26.60	24.40	39.60	22.60
Robusta	5.00	5.00	7.50	10.70	12.00	9.40

1/ Arabica.

Brazil continues to offer government-owned stocks through its auction system. The remaining 2003 auction will be held on December 10.

Brazil: Auctions of Government-Owned Coffee Stocks

Date of Auction	Quantity Offered	Quantity Sold	Price Range
	60-kilogram bags		Brazil reais/bag
2003			
March 12	20,000	19,850	135.40-150.20
April 16	20,000	16,825	140.10-145.50
May 14	20,000	19,520	126.50-132.80
June 11	20,000	19,151	124.00-136.50
July 16	20,000	NA	NA
August 13	20,000	19,370	141.50-146.50
September 17	20,000	19,874	142.70-142.80
October 16	20,000	19,701	131.00-149.70
November 12	20,000	20,000	130.00-133.00

NA=Not available.

Vietnam

Vietnam's 2003/04 coffee area (for the crop harvested in October 2003 and marketed in the period to September 2004) continues to decline, as some of the low-productive and over-aged coffee areas are being converted to more profitable crops. The 2003/04 planted coffee area is estimated at about 510,000 hectares, down about 10,000 hectares from last year. The area reduction was mainly in the robusta growing areas in the Tay Nguyen (Central) Highland provinces. In Dak Lak province--the largest coffee-producing area in the country--corn, cocoa, cotton, and cashews replaced several thousand hectares of coffee. In some areas, arabica coffee is one of the alternative crops chosen to replace low-profit (or no-profit) robusta coffee. The 2003/04 coffee production estimate is revised upward to 11.8 million bags due to better crop yields from better nursery care, higher input use, and better weather conditions.

As the robusta coffee area continues to slowly shrink, the arabica coffee area is slowly expanding. However, arabica area is only about 5-6 percent of the total coffee area. At present, the arabica area is estimated to be about 25,000 hectares. The key arabica growing provinces are Son La (3,000 hectares), Thanh Hoa (4,000 hectares), Quang Tri (3,000 hectares), and Nghe An (2,000 hectares). Son La province plans to significantly expand its arabica area to 6,000-10,000 hectares by 2010. Dak Lak's provincial agricultural department plans to expand arabica area to 10,000 hectares over the next 3-5 years from the current area of 4,000 hectares. Similarly, Lam Dong and Kon Tum provinces also plan to replace low-productive robusta with arabica.

United States

U.S. coffee stocks at the end of October totaled 5.98 million bags, down 106,388 bags from the September 30, 2003, level. Details follow in 60-kilogram bags.

U.S. Coffee Stocks

Location	September 30	October 31	Difference
	-----60-kilogram bags-----		
New York	2,066,323	2,011,746	(54,577)
New Orleans	1,685,703	1,650,728	(34,975)
Jacksonville	211,000	180,000	(31,000)
Miami	1,317,066	1,280,514	(36,552)
Houston	283,889	336,226	52,337
Laredo	113,839	108,452	(5,387)
Port Everglades	2,000	2,000	0
San Francisco	325,046	304,955	(20,091)
Los Angeles	7,957	6,625	(1,332)
Seattle	0	0	0
Norfolk	70,076	96,545	26,469
Philadelphia	7,192	5,912	(1,280)
Baltimore	0	0	0
Total	6,090,091	5,983,703	(106,388)